

Agency Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	538.56	(1.00)	127.67	665.23	(10.00)	127.67	656.23	656.23
Personal Services	18,569,050	1,059,378	4,161,028	23,789,456	954,235	3,973,288	23,496,573	47,286,029
Operating Expenses	11,634,282	437,889	(2,998,149)	9,074,022	700,934	(3,148,721)	9,186,495	18,260,517
Equipment	40,177	(7,155)	18,300	51,322	(7,155)	3,300	36,322	87,644
Capital Outlay	0	0	0	0	0	0	0	0
Local Assistance	13,812,774	41,121,618	(54,934,392)	0	41,121,618	(54,934,392)	0	0
Transfers	0	0	0	0	0	0	0	0
Debt Service	6,834	0	0	6,834	0	0	6,834	13,668
Total Costs	\$44,063,117	\$42,611,730	(\$53,753,213)	\$32,921,634	\$42,769,632	(\$54,106,525)	\$32,726,224	\$65,647,858
General Fund	39,981,718	42,100,604	(53,855,803)	28,226,519	42,177,291	(54,195,727)	27,963,282	56,189,801
State/Other Special	252,985	(43,379)	249,565	459,171	(43,284)	253,584	463,285	922,456
Federal Special	1,997,926	88,685	214,276	2,300,887	145,120	224,351	2,367,397	4,668,284
Proprietary	1,830,488	465,820	(361,251)	1,935,057	490,505	(388,733)	1,932,260	3,867,317
Total Funds	\$44,063,117	\$42,611,730	(\$53,753,213)	\$32,921,634	\$42,769,632	(\$54,106,525)	\$32,726,224	\$65,647,858

Agency Description

The Department of Revenue collects revenue from and enforces regulations for over 30 state taxes and fees. The department also regulates the sale and distribution of alcoholic beverages in the state. The department is organized into five core processes with overall agency direction and management coordinated from the Director's Office.

Summary of Legislative Action

The HB 2 legislative budget shows an increase of 117.67 FTE and total budget decreases from the base of nearly \$22.5 million for the two years of the biennium (\$65.8 million below the 2001 biennium). Of the staffing level changes, 123.7 FTE are existing positions that were moved from a non-budgeted fund to a budgeted fund. Therefore, the actual change in the department staffing level is a reduction of 6.03 FTE.

The major factor for the budget decrease was removal of \$27.6 million for local assistance for local government reimbursements made during the base year to compensate local governments for the loss of tax base resulting from actions taken by the 1999 legislature and appropriated in SB 184. When the 2001 legislature passed HB 124, local government reimbursements were established as statutory appropriations for the department to make entitlement payments to local governments. The local government reimbursements in HB 2 were redundant to the statutory appropriations so the legislature eliminated them from the department's HB 2 budget. The budget reductions attained by eliminating local assistance funding were offset by increases from moving the Customer Services Center from non-budgeted proprietary funding to HB 2.

The legislature moved the Customer Service Center, except for the collection services function that collects debt associated with delinquent accounts, from proprietary funding to HB 2. The net effect of this funding change was an increase of nearly \$1.4 million of total funds for the biennium to the HB 2 budget. The legislature also provided funding of \$208,144 general fund for the biennium to provide salary upgrades for auditors. The salary upgrade was seen as a way to improve retention of auditors, which have historically experienced high levels of turnover. The high auditor turnover has been linked to a drop in audit related revenue collections.

The legislature provided funding to implement an excess revenue tax on excess revenue derived from the sale of electrical energy in the state. The excess revenue tax would have been enacted if SB 512 had passed the legislature. SB 512 failed to pass out of the legislature so the agency funding is overstated by nearly \$813,000 general fund for the biennium. Almost all other increases to the base are the result of statewide present law adjustments for personal services, inflation and deflation, and fixed costs.

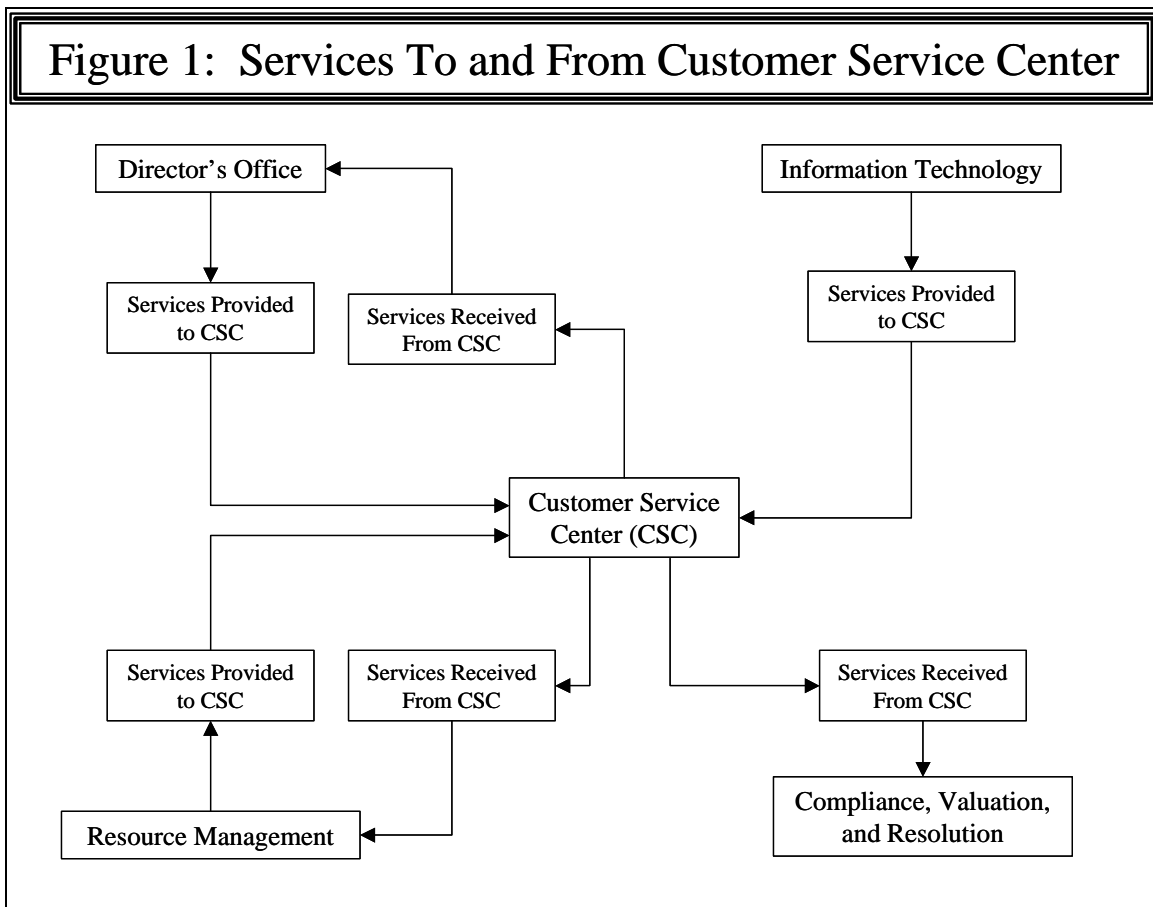
Agency Discussion

Customer Service Center Funding Shift

The legislature shifted funding for the Customer Service Center (CSC) from proprietary funds to HB 2 budgeted funds. This funding shift involved all programs of the department and also was a factor in a supplemental appropriation approved by the legislature for fiscal 2001. The legislative approval of moving the CSC to HB 2, including approving the supplemental appropriation for fiscal 2001, was coupled with accepting a mitigation plan whereby the department budget request for the 2003 biennium was reduced to offset increases in the current biennium. The effects of this action were: 1) 123.7 FTE of existing staff were moved from the non-budgeted proprietary environment to HB 2; 2) the Executive Budget was reduced by \$1.6 million total funds for the biennium (\$505,048 general fund reduction); and 3) general fund in fiscal 2001 was increased by \$2.7 million. Since the costs for collecting general fund revenue on delinquent accounts in the Department of Revenue will be funded with budgeted funds instead of non-budgeted proprietary funds derived from a percentage of the amount of general fund collected, the increased revenue from not paying a collection fee will offset the budget growth for a net zero general fund impact.

The Customer Service Center

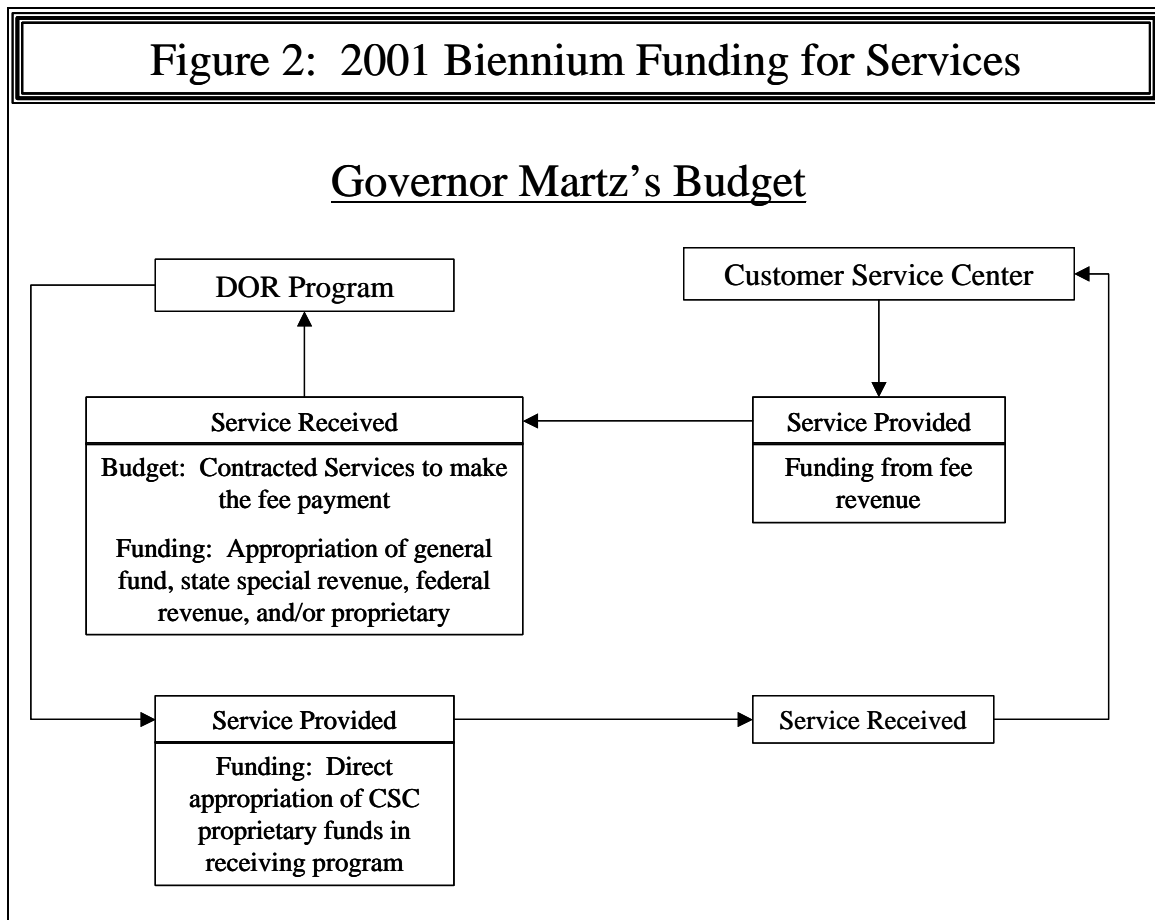
The CSC exists to provide services to other government entities, the major customer of the CSC being the other programs of the Department of Revenue. Likewise, the services the other programs of the department provide also benefit the CSC. Figure 1 illustrates the relationship between the CSC and the other programs of the department in regards to the exchange of services. This relationship will not change from the 2001 biennium to the 2003 biennium - the only change will be how the services are funded.



Customer Service Center with Proprietary Funding

The Executive Budget was submitted with the entire CSC funded with proprietary funds. With this financial structure, the CSC received payments from the other programs of the department when the center provided a service for the other

program. When the other department program provided a service for the CSC, the other program funded the CSC share of the costs to provide the service with direct appropriations of the CSC proprietary fund. Figure 2 illustrates how services exchanged between the CSC and the other programs of the department were funded during the 2001 biennium.



Customer Service Center Appropriated in HB 2

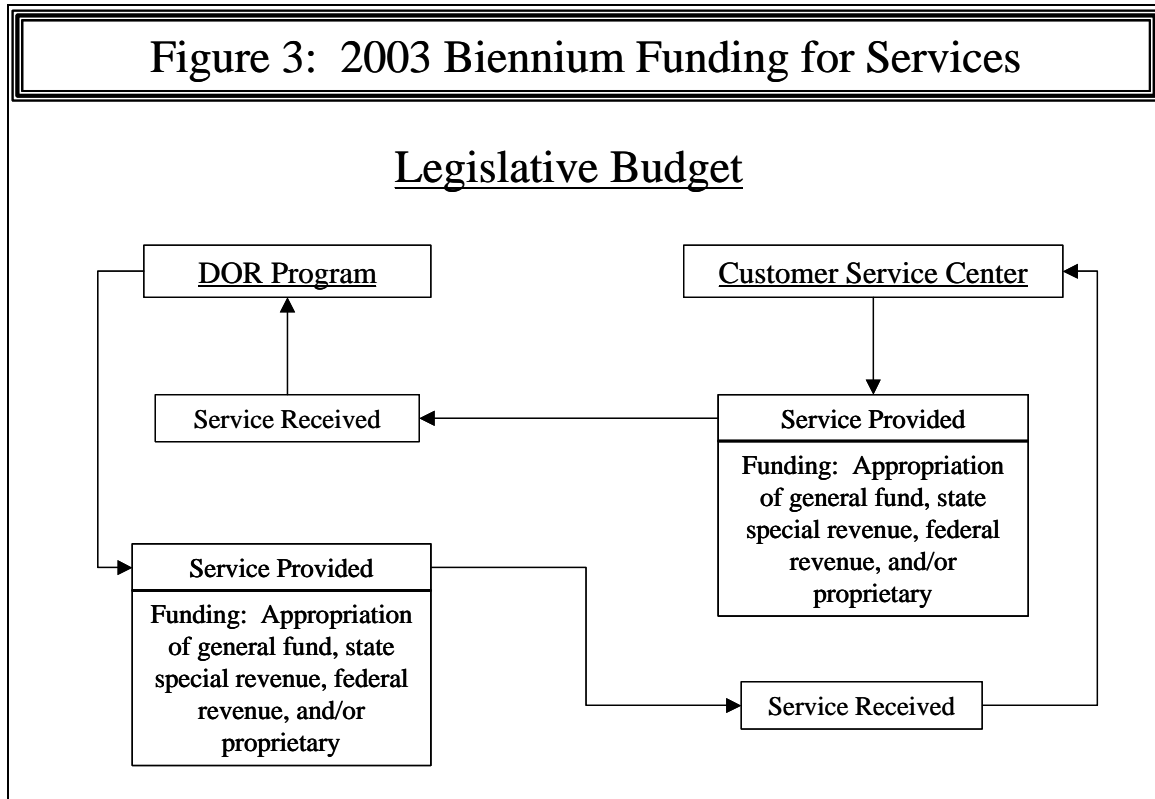
After the Executive Budget was submitted, the executive made a determination that the CSC should be moved from proprietary funding to funding with an appropriation in HB 2. The legislature concurred with this recommendation and approved a budget much different than that contained in the Executive Budget.

In order to make the change to the Executive Budget, three general actions were needed to move the CSC from proprietary funding to HB 2: 1) remove authority from the Director's Office, Resource Management Program, and Compliance, Valuation, and Resolution Program to make payments to the CSC for services received from the CSC (DP 22); 2) replace CSC proprietary funding with other funding sources for services the Director's Office, Information Technology Program, and Resource Management Program provide to the CSC (DP 23); and 3) move expenditures from the proprietary budget to the HB 2 budget (DP 21).

With the three general actions taken to move the CSC to HB 2, the CSC will still provide the same services for other programs of the department, but the costs to provide these services will be funded with appropriations of general fund, state special revenue, federal special revenue, and liquor enterprise proprietary fund instead of with fee revenue from payments made by the other programs (new proposal DP 21). New proposal DP 22 removed the cost for the payments to the CSC from the budgets of the other programs.

Likewise, the other programs of the department will continue to provide services for the CSC. Instead of receiving payments in the form of an appropriation of CSC proprietary fund from the CSC for providing these services, the

programs will now receive an appropriation from the general fund, state special revenue, federal special revenue, and liquor enterprise proprietary fund as appropriate for the programs' operations. New proposal DP 23 replaced CSC proprietary fund with the appropriate funding source to fund the costs of providing the services for the CSC. Figure 3 illustrates how services exchanged between the CSC and the other programs of the department will be funded during the 2003 biennium.



POINTS

History of POINTS

The 1997 legislature passed HB 188, which authorized state general obligation bonds for information technology projects during the 1999 biennium. HB 188 authorized \$14 million in bond authority for the department to develop an integrated revenue and tax system for income tax, unemployment insurance contributions, income modernization, and property tax integration. The project was named POINTS, which stands for Process Oriented Integrated System. In HB 15, the 1999 legislature provided \$18 million in additional bonding authority to complete the project and to realign the department's business processes.

Building on an Unstable Base

POINTS was implemented in a phased approach with the first phase being the infrastructure components that will provide the integration and support data and common processes of all tax types. POINTS phase 1 replaced eight of the department's legacy systems with five core modules - (case management, registration, return processing, accounting, and forms and correspondence). The contractor has completed POINTS phase 1 and the department has accepted the project under the terms of the contract. However, the legislature was concerned that the project was accepted with more than 100 programming defects that the department considers critical to the mission of the system. Since POINTS phase 1 will function as the foundation or common infrastructure for later phases of the system, the legislature was concerned that the department was proceeding with POINTS phase 2 without first clearing up the programming defects that exist in the phase 1 portions of the system.

Supplemental Appropriation

The legislature approved a \$319,000 general fund supplemental appropriation in HB 3 for POINTS related costs. Of this supplemental appropriation, \$100,000 was restricted for legal fees related to dealings with the existing contractor for POINTS phase 2 and \$219,100 was restricted to costs to upgrade the legacy property tax system. Both of the restricted amounts were designated to continue into the 2003 biennium and both are related to ongoing contract disputes between the department and the contractor for POINTS phase 2 that threaten to delay implementation of the system and may impact the ability of the system to be used for the upcoming property reappraisal cycle.

The concerns of the legislature resulted in language being inserted into HB 2 that directs the department to provide status reports to the Revenue and Transportation Committee during the interim on the progress of POINTS phase 2 and the status of fixing mission-critical defects of the system.

Other Legislation

Senate Bill 48 - SB 48 prohibits out-of-state direct shipment of alcohol beverages to Montanans. SB 48 creates a beer, a wine, and a beer and wine connoisseur's license. Increased general fund revenues from the new licenses are anticipated to be \$4,670 for the biennium.

Senate Bill 350 - SB 350 provided an income tax credit for contributions made to the housing trust fund. The department estimates that SB 350 would reduce general fund revenues by \$7,840 per year and have a general fund cost of \$20,177 in fiscal 2002 to develop new income tax forms and program department tax accounting and monitoring systems. The net fiscal impact of SB 350 on the general fund is a \$35,857 reduction for the biennium. The executive did not request nor did the legislature provide funding for the costs to implement SB 350.

Senate Bill 512 - The legislature considered SB 512, which would have imposed an excess revenues tax on excess revenue derived from the sale of electrical energy in Montana. In anticipation of SB 512 becoming law, the legislature provided funding in HB 2 of \$812,778 for the biennium. The HB 2 funding for SB 512 was made contingent upon passage and approval of SB 512. Since SB 512 did not pass out of the legislature, the appropriations are not valid.

Senate Bill 514 - SB 514 revised requirements for reporting real estate transactions. The department estimates that SB 514 would cost \$12,300 in fiscal 2002 to print new realty transfer certificates, but SB 514 would increase general fund revenues by \$109,350 for the biennium. The executive did not request nor did the legislature provide funding for the costs to implement SB 514.

House Bill 124 - HB 124 revised local government funding laws. HB 124 changed where revenues from fees and taxes previously collected by the counties are to be deposited. For the most part, these revenues are to be deposited in the state general fund. Impacts on counties are offset by entitlement payments made from the state general fund. HB 124 establishes a statutory appropriation to make the entitlement payments. Because the statutory appropriation is redundant to the budget authority for local government reimbursements that was contained in HB 2, general fund for the department was reduced by roughly \$109.9 million for the biennium.

House Bill 348 - HB 348 revised laws governing state agency liquor stores and increased the commission rates for state agency liquor stores. The department anticipates that the increased rates of commissions for state agency liquor stores will reduce general fund revenues by \$288,608 starting in fiscal 2003.

House Bill 399 - HB 399 revised where the liquor license and permit fees are to be deposited. Previously, they were deposited in the state general fund and an appropriation was made from the general fund to fund the administrative expenses for collecting the fees. HB 399 directs revenue from liquor license fees and permit fees to be deposited into the liquor enterprise fund. The legislature accommodated the changes of HB 399 by reducing general fund by roughly \$1.1 million and increasing proprietary funds by roughly \$1 million. In the process, total funding in the department was reduced by \$87,800 with an equal increase in total funding in the Gambling Control Division of the Department of Justice.

House Bill 596 - HB 596 exempts private golf courses from license quotas for golf course beer and wine licenses. The department stated that there would be a minimal general fund revenue increase from the new licenses issued due to the HB 596 changes. The new requirements would increase general fund revenue by \$200 for every private golf course that currently doesn't have a beer, wine, or all-beverage license and opts to acquire a golf course beer and wine license. The number of new licenses that would be acquired was not available.

House Bill 623 - HB 623 provides a tax credit for businesses that provide day care facilities and for providing referrals and assistance to employees on locating day care facilities. The department estimates that general fund revenues would be \$20,145 lower for the 2003 biennium. The department estimates that HB 623 would require additional expenses of \$20,241 in fiscal 2002 to modify the tax forms and provide programming changes to tax accounting and monitoring systems. The executive did not request nor did the legislature provide funding for the costs to implement HB 623. The net fiscal impact of HB 623 on the general fund is a \$40,386 reduction for the biennium.

Agency Budget Comparison								
Budget Item	Base Budget Fiscal 2000	Executive Budget Fiscal 2002	Legislative Budget Fiscal 2002	Leg – Exec. Difference Fiscal 2002	Executive Budget Fiscal 2003	Legislative Budget Fiscal 2003	Leg – Exec. Difference Fiscal 2003	Biennium Difference Fiscal 02-03
FTE	538.56	533.56	665.23	131.67	528.56	656.23	127.67	
Personal Services	18,569,050	19,529,996	23,789,456	4,259,460	19,523,285	23,496,573	3,973,288	8,232,748
Operating Expenses	11,634,282	13,387,790	9,074,022	(4,313,768)	13,595,204	9,186,495	(4,408,709)	(8,722,477)
Equipment	40,177	104,506	51,322	(53,184)	33,022	36,322	3,300	(49,884)
Capital Outlay	0	0	0	0	0	0	0	0
Local Assistance	13,812,774	54,934,392	0	(54,934,392)	54,934,392	0	(54,934,392)	(109,868,784)
Transfers	0	0	0	0	0	0	0	0
Debt Service	6,834	6,834	6,834	0	6,834	6,834	0	0
Total Costs	\$44,063,117	\$87,963,518	\$32,921,634	(\$55,041,884)	\$88,092,737	\$32,726,224	(\$55,366,513)	(\$110,408,397)
General Fund	39,981,718	83,276,103	28,226,519	(55,049,584)	83,349,426	27,963,282	(55,386,144)	(110,435,728)
State/Other Special	252,985	214,550	459,171	244,621	213,497	463,285	249,788	494,409
Federal Special	1,997,926	2,150,887	2,300,887	150,000	2,192,397	2,367,397	175,000	325,000
Proprietary	1,830,488	2,321,978	1,935,057	(386,921)	2,337,417	1,932,260	(405,157)	(792,078)
Total Funds	\$44,063,117	\$87,963,518	\$32,921,634	(\$55,041,884)	\$88,092,737	\$32,726,224	(\$55,366,513)	(\$110,408,397)

Executive Budget Comparison

The legislative budget is significantly different than the Executive Budget. This difference is primarily attributed to two factors: 1) elimination of local government reimbursements; and 2) a request made by the executive subsequent to the submission of the Governor Martz budget proposal that was approved by the legislature and involved moving the Customer Service Center from proprietary funding to HB 2 appropriated funding. The resulting HB 2 legislative budget is a reduction of just over \$110.4 million for the biennium from the Executive Budget, including just over \$110.4 million lower general fund. State special and federal special revenue are roughly \$494,000 and \$325,000 higher and total proprietary funds are just over \$792,000 lower than the Executive Budget.

Due to the passage of HB 124, local government reimbursements will now be statutorily appropriated. The Executive Budget had included almost \$110 million general fund for local reimbursements.

When the legislature accepted the plan proposed by the executive to move the Customer Service Center off proprietary funding and back to HB 2, as it was during the 1999 biennium, the legislature accepted a plan to mitigate a portion of a supplemental appropriation to fund the change. While the Customer Service Center was funded with proprietary funds, it incurred short-term debt to pay its operating costs. The supplemental appropriation will liquidate this debt. Legislature acceptance of the executive's mitigation plan removed most of the budget increases that were not associated with statewide present law adjustments, except for increases tied to passage of other legislation and roughly \$208,000 to provide salary upgrades for auditors.

Language

The department shall provide status reports on the POINTS system to the Revenue and Taxation Committee at each regularly scheduled committee meeting. The status reports must include work plan benchmark updates, progress on fixing mission-critical and nonmission-critical defects, and the status of implementing and operating all phases of the system.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	38.50	0.00	1.00	39.50	0.00	1.00	39.50	39.50
Personal Services	1,894,413	(23,568)	118,097	1,988,942	(13,824)	118,552	1,999,141	3,988,083
Operating Expenses	877,649	107,492	(218,323)	766,818	(23,081)	(371,279)	483,289	1,250,107
Equipment	0	0	15,000	15,000	0	0	0	15,000
Debt Service	0	0	0	0	0	0	0	0
Total Costs	\$2,772,062	\$83,924	(\$85,226)	\$2,770,760	(\$36,905)	(\$252,727)	\$2,482,430	\$5,253,190
General Fund	2,631,010	(1,364)	109,946	2,739,592	(125,574)	(53,649)	2,451,787	5,191,379
State/Other Special	574	(274)	0	300	(574)	0	0	300
Federal Special	805	(5)	0	800	(805)	0	0	800
Proprietary	139,673	85,567	(195,172)	30,068	90,048	(199,078)	30,643	60,711
Total Funds	\$2,772,062	\$83,924	(\$85,226)	\$2,770,760	(\$36,905)	(\$252,727)	\$2,482,430	\$5,253,190

Program Description

The Director's Office provides management control, policy direction, strategic planning, and legal services to assist the tax and liquor programs in fulfilling their responsibilities. Legal services advises all agency programs and handles tax appeals before the State Tax Appeal Board and state courts. The Director's Office also includes the Policy and Performance Management Unit, the Tax Policy and Research Unit, and the Office of Dispute Resolution.

The Policy and Performance Management Unit supports the department's core processes and is responsible for coordinating the strategic development of operating policies, budgets, rules, performance management, change management, and strategic planning for the department. The Tax Policy and Research (TPR) Unit is responsible for estimating state revenues, coordinating Department of Revenue (DOR) legislation and fiscal notes, reviewing all legislation related to revenue, and conducting revenue-related research. The Office of Dispute Resolution has consolidated the department's dispute resolution efforts, including informal tax appeals, into a single location and process.

Program Narrative

The legislature anticipated that SB 512 would become law and provided funding of \$292,357 general fund in fiscal 2002 and \$124,856 general fund in fiscal 2003 to implement the bill. The funding associated with SB 512 was made contingent upon its passage and approval. SB 512, which would have imposed an excess revenue tax of the sale of electric energy, failed to pass out of the legislature. As such the appropriations are void and the program funding included in the program tables are overstated by these amounts. Furthermore, the program budget tables are overstated by 2.0 FTE in each year because the legislature failed to pass SB 512.

Funding

The legislature approved moving the Customer Service Center from proprietary funds to appropriated funds in HB 2. This action changed the funding for the Director's Office from primarily general fund and Customer Service Center proprietary funds to funding by general fund and Liquor Enterprise proprietary funds. A small part (less than 1 percent) of program funding continues to be provided with state and federal special revenues.

Present Law Adjustments										
-----Fiscal 2002-----						-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					54,384					64,534
Vacancy Savings					(54,322)					(54,627)
Inflation/Deflation					(654)					(607)
Fixed Costs					116,916					(13,676)
Total Statewide Present Law Adjustments					\$116,324					(\$4,376)
DP 696 - Data Network Fixed Cost Reduction	0.00	(702)	0	0	(702)	0.00	(702)	0	0	(702)
DP 698 - Rent Reduction - Use of Capitol Land Grant	0.00	(8,068)	0	0	(8,068)	0.00	(8,096)	0	0	(8,096)
DP 699 - Vacancy Savings at 4 Percent	0.00	(23,630)	0	0	(23,630)	0.00	(23,731)	0	0	(23,731)
Total Other Present Law Adjustments	0.00	(\$32,400)	\$0	\$0	(\$32,400)	0.00	(\$32,529)	\$0	\$0	(\$32,529)
Grand Total All Present Law Adjustments					\$83,924					(\$36,905)

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 698 - Rent Reduction - Use of Capitol Land Grant - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capital Land Grant funds are to be used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
-----Fiscal 2002-----						-----Fiscal 2003-----				
Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 22 - Allocation for Effects of Program 06 in HB 2										
01	0.00	(371,583)	0	0	(371,583)	0.00	(371,583)	0	0	(371,583)
DP 23 - Allocation of Funding due to Program 06 in HB 2										
01	0.00	195,172	0	0	0*	0.00	199,078	0	0	0*
DP 30 - Reduce Participation in External Organizations										
01	0.00	(6,000)	0	0	(6,000)	0.00	(6,000)	0	0	(6,000)
DP 512 - SB 512 Electrical Energy Excess Revenue Tax										
01	2.00	292,357	0	0	292,357	2.00	124,856	0	0	124,856
DP 689 - FTE Reduction										
01	(1.00)	0	0	0	0	(1.00)	0	0	0	0
Total	1.00	\$109,946	\$0	\$0	(\$85,226)*	1.00	(\$53,649)	\$0	\$0	(\$252,727)*

New Proposals

DP 22 - Allocation for Effects of Program 06 in HB 2 - The legislature approved an executive request to move the Customer Service Center from proprietary funding to funding in HB 2. As such, the legislature removed the funding

associated with payments from the program to the Customer Service Center for services the center performs for the Director's Office. The Customer Service Center will provide the same services for the program, but with a direct appropriation instead of with funding from fee revenue.

DP 23 - Allocation of Funding due to Program 06 in HB 2 - The legislature approved an executive request to move the Customer Service Center from proprietary funding to funding in HB 2. As such the legislature removed the funding from the Customer Service Center proprietary account from the program's funding model. Prior to the change, direct appropriations of Customer Service Center proprietary fund were used to fund services this program performed for the Customer Service Center. The services will still be performed for the Customer Service Center, but they will now be funded with general fund.

DP 30 - Reduce Participation in External Organizations - The legislature reduced funding for the department to participate in external organizations.

DP 512 - SB 512 Electrical Energy Excess Revenue Tax - The legislature provided contingent funding to add 2.00 FTE and operating costs to administer SB 512. SB 512 imposes an electrical energy excess revenue tax. The legislature restricted all funding for this purpose. Of this funding, \$150,000 is designated as a biennial appropriation and an additional \$19,000 of the funding is designated as a one-time-only appropriation. The biennial portion of the funding is designated for legal and litigation expenses. The one time portion of the appropriation is designated for purchasing personal computers and computer equipment. Subsequent to funding the impacts of SB 512 in HB 2, the legislature failed to pass SB 512. As such, HB 2 line items 1b, 1c, and 1d for the Director's Office are not valid appropriations.

DP 689 - FTE Reduction - The legislature reduced FTE for all positions vacant for over seven months. Funds were not reduced for the 2003 biennium, but the eliminated positions are not to be funded in the present law base budget submitted for the 2005 biennium.

Language

Items [Director's Office - SB 512 line items] are contingent upon passage and approval of SB 512.

Note: SB 512 did not pass out of the legislature, so the appropriations in the SB 512 line items of HB 2 are void.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	37.25	0.00	0.00	37.25	0.00	0.00	37.25	37.25
Personal Services	1,672,539	15,326	0	1,687,865	26,864	0	1,699,403	3,387,268
Operating Expenses	728,356	(2,586)	0	725,770	99,841	0	828,197	1,553,967
Debt Service	0	0	0	0	0	0	0	0
Total Costs	\$2,400,895	\$12,740	\$0	\$2,413,635	\$126,705	\$0	\$2,527,600	\$4,941,235
General Fund	1,899,468	(185,083)	439,989	2,154,374	(86,981)	448,795	2,261,282	4,415,656
Federal Special	178,339	10,602	0	188,941	16,313	0	194,652	383,593
Proprietary	323,088	187,221	(439,989)	70,320	197,373	(448,795)	71,666	141,986
Total Funds	\$2,400,895	\$12,740	\$0	\$2,413,635	\$126,705	\$0	\$2,527,600	\$4,941,235

Program Description

The Information Technology Program is responsible for planning, coordinating, delivering, and controlling information resources for the department. The program is responsible for managing all computing services provided to the department, including integrating and managing desktop, mid-tier, and mainframe applications as well as network support services.

Funding

The legislature approved moving the Customer Service Center from proprietary funds to appropriated funds in HB 2. This action changed the funding for the Information Technology Program from primarily general fund, Customer Service Center proprietary funds, and federal funds to funding by general fund, Liquor Enterprise proprietary funds, and federal funds.

Present Law Adjustments									
-----Fiscal 2002-----					-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				85,654					97,670
Vacancy Savings				(48,817)					(49,176)
Inflation/Deflation				(2,528)					(2,528)
Fixed Costs				9,513					10,217
Total Statewide Present Law Adjustments				\$43,822					\$56,183
DP 1 - Information Systems Support									
0.00	(1,136)	0	0	(1,136)	0.00	100,614	0	0	100,614
DP 696 - Data Network Fixed Cost Reduction									
0.00	(648)	0	0	(648)	0.00	(648)	0	0	(648)
DP 698 - Rent Reduction - Use of Capitol Land Grant									
0.00	(7,787)	0	0	(7,787)	0.00	(7,814)	0	0	(7,814)
DP 699 - Vacancy Savings at 4 Percent									
0.00	(19,790)	0	(1,721)	(21,511)	0.00	(19,900)	0	(1,730)	(21,630)
Total Other Present Law Adjustments									
0.00	(\$29,361)	\$0	(\$1,721)	(\$31,082)	0.00	\$72,252	\$0	(\$1,730)	\$70,522
Grand Total All Present Law Adjustments				\$12,740					\$126,705

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 1 - Information Systems Support - The legislature approved funding to support the Computer Assisted Mass Appraisal (CAMA) software system used to assist in completing mass property tax reappraisals and to remove one-time costs from the base.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 698 - Rent Reduction - Use of Capitol Land Grant - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capital Land Grant funds are to be used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
Prgm	FTE	Fiscal 2002				FTE	Fiscal 2003			
		General	State Special	Federal Special	Total Funds		General	State Special	Federal Special	Total Funds
DP 23 - Allocation of Funding due to Program 06 in HB 2										
02	0.00	439,989	0	0	0*	0.00	448,795	0	0	0*
DP 689 - FTE Reduction										
02	0.00	0	0	0	0	0.00	0	0	0	0
Total	0.00	\$439,989	\$0	\$0	\$0*	0.00	\$448,795	\$0	\$0	\$0*

New Proposals

DP 23 - Allocation of Funding due to Program 06 in HB 2 - The legislature approved an executive request to move the Customer Service Center from proprietary funding to funding in HB 2. As such, the legislature removed the funding from the Customer Service Center proprietary account from the program's funding model. Prior to the change, direct appropriations of Customer Service Center proprietary fund were used to fund services this program performed for the Customer Service Center. The services will still be performed for the Customer Service Center, but they will now be funded with general fund.

DP 689 - FTE Reduction - The legislature reduced FTE for all positions vacant for over seven months. Funds were not reduced for the 2003 biennium, but the eliminated positions are not to be funded in the present law base budget submitted for the 2005 biennium.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	43.00	0.00	(1.00)	42.00	0.00	(1.00)	42.00	42.00
Personal Services	1,481,530	160,515	0	1,642,045	169,960	0	1,651,490	3,293,535
Operating Expenses	1,023,783	330,215	(440,775)	913,223	353,037	(440,775)	936,045	1,849,268
Equipment	28,622	0	0	28,622	0	0	28,622	57,244
Capital Outlay	0	0	0	0	0	0	0	0
Debt Service	455	0	0	455	0	0	455	910
Total Costs	\$2,534,390	\$490,730	(\$440,775)	\$2,584,345	\$522,997	(\$440,775)	\$2,616,612	\$5,200,957
General Fund	1,166,663	297,698	34,390	1,498,751	319,913	39,976	1,526,552	3,025,303
Proprietary	1,367,727	193,032	(475,165)	1,085,594	203,084	(480,751)	1,090,060	2,175,654
Total Funds	\$2,534,390	\$490,730	(\$440,775)	\$2,584,345	\$522,997	(\$440,775)	\$2,616,612	\$5,200,957

Program Description

The Resource Management Program provides services and support to the department by integrating the human resources, accounting, facilities management, communications, and training and education functions of the department. The Liquor Distribution Unit is managed in this program.

Funding

The legislature approved moving the Customer Service Center from proprietary funds to appropriated funds in HB 2. This action changed the funding for the Resource Management Program from primarily general fund, Customer Service Center proprietary funds, and Liquor Enterprise funds to funding by general fund and Liquor Enterprise proprietary funds. Because the Liquor Enterprise distributes its profits to the general fund, expenditures made by the program are required to be appropriated by the legislature. As such, Liquor Enterprise operations are included in the budget tables for the program.

Present Law Adjustments									
-----Fiscal 2002-----					-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				228,932					238,771
Vacancy Savings				(46,640)					(46,936)
Inflation/Deflation				3,692					3,242
Fixed Costs				9,770					10,721
Total Statewide Present Law Adjustments				\$195,754					\$205,798
DP 1 - Field Office Rent	0.00	325,533	0	325,533	0.00	347,881	0	0	347,881
DP 696 - Data Network Fixed Cost Reduction	0.00	(670)	0	(767)*	0.00	(670)	0	0	(767)*
DP 698 - Rent Reduction - Use of Capitol Land Grant	0.00	(8,013)	0	(8,013)	0.00	(8,040)	0	0	(8,040)
DP 699 - Vacancy Savings at 4 Percent	0.00	(12,722)	0	(21,777)*	0.00	(12,776)	0	0	(21,875)*
Total Other Present Law Adjustments	0.00	\$304,128	\$0	\$294,976*	0.00	\$326,395	\$0	\$0	\$317,199*
Grand Total All Present Law Adjustments				\$490,730*					\$522,997*

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 1 - Field Office Rent - The legislature approved increased funding for rent of office space occupied by department personnel in county buildings and for increased rental costs in non-county buildings.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 698 - Rent Reduction - Use of Capitol Land Grant - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capital Land Grant funds are to be used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
Prgm	FTE	Fiscal 2002				Fiscal 2003				
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 22 - Allocation for Effects of Program 06 in HB 2										
05	0.00	(244,776)	0	0	(440,775)*	0.00	(244,776)	0	0	(440,775)*
DP 23 - Allocation of Funding due to Program 06 in HB 2										
05	0.00	279,166	0	0	0*	0.00	284,752	0	0	0*
DP 689 - FTE Reduction										
05	(1.00)	0	0	0	0	(1.00)	0	0	0	0
Total	(1.00)	\$34,390	\$0	\$0	(\$440,775)*	(1.00)	\$39,976	\$0	\$0	(\$440,775)*

New Proposals

DP 22 - Allocation for Effects of Program 06 in HB 2 - The legislature approved an executive request to move the Customer Service Center from proprietary funding to funding in HB 2. As such, the legislature removed the funding associated with payments from the program to the Customer Service Center for services the center performs for this program. The Customer Service Center will provide the same services for the program, but with a direct appropriation instead of with funding from fee revenue.

DP 23 - Allocation of Funding due to Program 06 in HB 2 - The legislature approved an executive request to move the Customer Service Center from proprietary funding to funding in HB 2. As such the legislature removed the funding from the Customer Service Center proprietary account from the program's funding model. Prior to the change, direct appropriations of Customer Service Center proprietary fund were used to fund services this program performed for the Customer Service Center. The services will still be performed for the Customer Service Center, but they will now be funded with general fund.

DP 689 - FTE Reduction - The legislature reduced FTE for all positions vacant for over seven months. Funds were not reduced for the 2003 biennium, but the eliminated positions are not to be funded in the present law base budget submitted for the 2005 biennium.

Language

Liquor division proprietary funds necessary to maintain adequate inventories, pay freight charges, and transfer profit and taxes to appropriate accounts are appropriated to the department in amounts not to exceed \$64,200,950 in fiscal 2002 and \$67,857,880 in fiscal 2003.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	0.00	0.00	124.70	124.70	0.00	124.70	124.70	124.70
Personal Services	0	0	3,688,958	3,688,958	0	3,708,348	3,708,348	7,397,306
Operating Expenses	0	0	2,077,528	2,077,528	0	2,084,346	2,084,346	4,161,874
Equipment	0	0	3,300	3,300	0	3,300	3,300	6,600
Transfers	0	0	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0	0	0
Total Costs	\$0	\$0	\$5,769,786	\$5,769,786	\$0	\$5,795,994	\$5,795,994	\$11,565,780
General Fund	0	0	3,715,801	3,715,801	0	3,737,041	3,737,041	7,452,842
State/Other Special	0	0	272,775	272,775	0	276,852	276,852	549,627
Federal Special	0	0	1,032,135	1,032,135	0	1,042,210	1,042,210	2,074,345
Proprietary	0	0	749,075	749,075	0	739,891	739,891	1,488,966
Total Funds	\$0	\$0	\$5,769,786	\$5,769,786	\$0	\$5,795,994	\$5,795,994	\$11,565,780

Program Description

The Customer Service Center (CSC) provides the following centralized services for the department and other subscribing agencies: 1) customer service for registration and application inquiries; 2) mail and remittance processing; 3) data capture; 3) accounts receivable collections; 4) account maintenance; and 5) record retention.

The center combines the customer intake, document and information processing, and the accounts receivable and collections functions into a single business unit designed to provide centralized and consistent customer service, data and information processing, and accounts receivable collections for the department and its partners.

The customer intake function represents the initial contact point for customers. The document and information processing function provides data capture, remittance processing, records management, direct deposit of cash receipts and revenue, and mail processing and distribution. The accounts receivable and collections function provides a single point of contact for debtors and is responsible for delinquent account collection and enforcement activities.

Funding

The legislature approved moving the Customer Service Center from proprietary funds to appropriated funds in HB 2. This action changed the funding for the Customer Service Center from proprietary funds to funding by general fund, state special revenue, federal funds, and Liquor Enterprise proprietary funds. The collections services function, also known as bad debt collection, was not included in this change and remains funded with proprietary funds. The costs and funding for the collections services functions are not included in the budget tables for the program, but are described in the proprietary section and funded via revenues collected through fees approved by the legislature.

Present Law Adjustments										
-----Fiscal 2002-----						-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					0					0
Vacancy Savings					0					0
Inflation/Deflation					0					0
Fixed Costs					0					0
Total Statewide Present Law Adjustments					\$0					\$0
DP 696 - Data Network Fixed Cost Reduction	0.00	0	0	0	0	0.00	0	0	0	0
DP 698 - Rent Reduction - Use of Capitol Land Grant	0.00	0	0	0	0	0.00	0	0	0	0
DP 699 - Vacancy Savings at 4 Percent	0.00	0	0	0	0	0.00	0	0	0	0
Total Other Present Law Adjustments	0.00	\$0	\$0	\$0	\$0	0.00	\$0	\$0	\$0	\$0
Grand Total All Present Law Adjustments					\$0					\$0

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 698 - Rent Reduction - Use of Capitol Land Grant - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capital Land Grant funds are to be used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
-----Fiscal 2002-----						-----Fiscal 2003-----				
Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 21 - Reestablishing Program 06 in HB 2										
06	123.70	4,337,801	228,844	1,032,135	5,833,755*	123.70	4,359,041	232,754	1,042,210	5,859,796*
DP 30 - Reduce Participation in External Organizations										
06	0.00	(5,500)	0	0	(5,500)	0.00	(5,500)	0	0	(5,500)
DP 31 - Eliminate Toll-Free Line for Telefile										
06	0.00	(58,500)	0	0	(58,500)	0.00	(58,500)	0	0	(58,500)
DP 40 - Unclaimed Property Auditor FTE - OTO										
06	1.00	0	43,931	0	43,931	1.00	0	44,098	0	44,098
DP 51 - HB 399 - Funding Switch										
06	0.00	(558,000)	0	0	(43,900)*	0.00	(558,000)	0	0	(43,900)*
Total	124.70	\$3,715,801	\$272,775	\$1,032,135	\$5,769,786*	124.70	\$3,737,041	\$276,852	\$1,042,210	\$5,795,994*

New Proposals

DP 21 - Reestablishing Program 06 in HB 2 - The legislature approved an executive request to move the Customer Service Center from proprietary funding to funding in HB 2. As such the legislature approved funding to move 123.70

FTE, the associated base, and statewide present law adjustments to HB 2.

DP 30 - Reduce Participation in External Organizations - The legislature reduced funding for the department to participate in external organizations.

DP 31 - Eliminate Toll-Free Line for Telefile - The legislature reduced funding for the toll-free telephone line used for taxpayers to file their income taxes via the telephone.

DP 40 - Unclaimed Property Auditor FTE - OTO - The legislature increased funding to add 1.0 FTE grade 13 auditor for the Unclaimed Property Program and for operating costs for the position. The legislature designated this as a one-time-only appropriation.

DP 51 - HB 399 - Funding Switch - The legislature approved a funding switch from general fund to the liquor enterprise fund to implement HB 399. HB 399 revises liquor licensing laws by directing the deposit of liquor license fees and permit fees into the liquor enterprise fund instead of the general fund.

Language

Item [Customer Service and Information Practices] includes reductions of general fund of \$558,000 in fiscal 2002 and of \$558,000 in fiscal 2003 and increases of proprietary funds of \$514,100 in fiscal 2002 and of \$514,100 in fiscal 2003. These reductions and increases are contingent upon passage and approval of HB 124.

Proprietary Rates

Program Description

The Customer Service Center (CSC) provides the collection services function that collects debt associated with delinquent accounts.

Revenues and Expenses

The program is forecasting revenues of roughly \$380,000 over the biennium from fee revenue levied as a percentage of the amount of delinquent accounts the program collects. The program is estimating that nearly \$330,000 in expenses would be incurred to collect the funds during the biennium.

Rate Explanation

For the 2003 biennium, the legislature approved a 10 percent collection fee on the amount of delinquent accounts collected by the program.

New Proposals

DP 21 - Reestablishing Program 06 in HB 2 - The legislature approved an executive request to move the Customer Service Center from proprietary funding to funding in HB 2. As such the legislature approved funding to move 123.70 FTE, the associated base and statewide present law adjustments to HB 2.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	419.81	(1.00)	2.97	421.78	(10.00)	2.97	412.78	412.78
Personal Services	13,520,568	907,105	353,973	14,781,646	771,235	146,388	14,438,191	29,219,837
Operating Expenses	9,004,494	2,768	(4,416,579)	4,590,683	271,137	(4,421,013)	4,854,618	9,445,301
Equipment	11,555	(7,155)	0	4,400	(7,155)	0	4,400	8,800
Local Assistance	13,812,774	41,121,618	(54,934,392)	0	41,121,618	(54,934,392)	0	0
Debt Service	6,379	0	0	6,379	0	0	6,379	12,758
Total Costs	\$36,355,770	\$42,024,336	(\$58,996,998)	\$19,383,108	\$42,156,835	(\$59,209,017)	\$19,303,588	\$38,686,696
General Fund	34,284,577	41,989,353	(58,155,929)	18,118,001	42,069,933	(58,367,890)	17,986,620	36,104,621
State/Other Special	252,411	(43,105)	(23,210)	186,096	(42,710)	(23,268)	186,433	372,529
Federal Special	1,818,782	78,088	(817,859)	1,079,011	129,612	(817,859)	1,130,535	2,209,546
Total Funds	\$36,355,770	\$42,024,336	(\$58,996,998)	\$19,383,108	\$42,156,835	(\$59,209,017)	\$19,303,588	\$38,686,696

Program Description

The Compliance, Valuation, and Resolution (CVR) Program oversees audits and measures in order to verify that taxpayers are complying with the laws. The program is also responsible for consistent valuation of properties statewide for purposes of property taxation. Program employees are presently located in all 56 counties.

Program Narrative

The legislature anticipated that SB 512 would become law and provided funding of \$199,720 general fund in fiscal 2002 and \$195,845 general fund in fiscal 2003 to implement the bill. The funding associated with SB 512 was made contingent upon its passage and approval. SB 512, which would have imposed an excess revenue tax of the sale of electric energy, failed to pass out of the legislature. As such, the appropriations are void and the program funding included in the program tables are overstated by these amounts. Furthermore, the program budget tables are overstated by 3.0 FTE in each year because the legislature failed to pass SB 512.

Funding

The Compliance, Valuation, and Resolution Program is funded with general fund, state, and federal special revenues. The program receives state special revenue from charges for administering several taxes. It receives federal special revenue as reimbursement for auditing unemployment insurance collections.

Present Law Adjustments										
-----Fiscal 2002-----						-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds	
Personal Services				1,532,397						1,620,902
Vacancy Savings				(406,562)						(409,215)
Inflation/Deflation				(56,750)						(56,636)
Fixed Costs				175,057						192,444
Total Statewide Present Law Adjustments				\$1,244,142						\$1,347,495
DP 1 - Reappraisal - 2003										
0.00	(169,570)	0	0	(169,570)	0.00	112,049	0	0	0	112,049
DP 2 - Leased Vehicle Request										
0.00	14,740	0	0	14,740	0.00	0	0	0	0	0
DP 3 - Property Valuation Improvement Fund										
0.00	0	50,000	0	50,000	0.00	0	50,000	0	0	50,000
DP 5 - Project META Efficiencies										
(1.00)	(26,401)	0	0	(26,401)	(10.00)	(264,655)	0	0	0	(264,655)
DP 7 - Annual Reimbursements to Local Governments										
0.00	41,121,618	0	0	41,121,618	0.00	41,121,618	0	0	0	41,121,618
DP 696 - Data Network Fixed Cost Reduction										
0.00	(5,691)	0	0	(5,691)	0.00	(5,691)	0	0	0	(5,691)
DP 698 - Rent Reduction - Use of Capitol Land Grant										
0.00	(10,379)	0	0	(10,379)	0.00	(10,415)	0	0	0	(10,415)
DP 699 - Vacancy Savings at 4 Percent										
0.00	(177,468)	(1,851)	(14,804)	(194,123)	0.00	(176,964)	(1,844)	(14,758)	0	(193,566)
Total Other Present Law Adjustments										
(1.00)	\$40,746,849	\$48,149	(\$14,804)	\$40,780,194	(10.00)	\$40,775,942	\$48,156	(\$14,758)	0	\$40,809,340
Grand Total All Present Law Adjustments				\$42,024,336						\$42,156,835

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 1 - Reappraisal - 2003 - The legislature removed funding for fiscal 2002 associated with one-time costs that occurred in the base year, but which are not ongoing costs. For fiscal 2003, the legislature approved increased funding for operating costs associated with end-of-cycle efforts of the property tax reappraisal SB 184 directed to be completed by January 1, 2003.

DP 2 - Leased Vehicle Request - The legislature approved funding to lease vehicles from the State Motor Pool as the department retires older and less reliable agency-owned vehicles.

DP 3 - Property Valuation Improvement Fund - The legislature approved an executive request to fund software license agreements, copier maintenance, and the acquisition of supplies and materials, customer service terminals, and printers and plotters using the Property Valuation Improvement Fund.

DP 5 - Project META Efficiencies - The legislature removed funding associated with the reduction of 1.0 FTE in fiscal 2002 and 10.0 FTE in fiscal 2003. The funding reduction is associated with efficiencies gained by the reorganization of the department during the 2001 biennium.

DP 7 - Annual Reimbursements to Local Governments - The legislature approved funding for annual reimbursements to local governments for the loss of tax base resulting from actions taken by the 1999 legislature. The executive included this request under direction contained in SB 184 passed by the 1999 legislature. HB 124 establishes a statutory appropriation to provide entitlement payments to local governments for the impacts that these reimbursement payments addressed. Since the annual reimbursement payments of this decision package are redundant to HB 124 entitlement

payments new proposal DP 124 eliminates the reimbursement payments.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 698 - Rent Reduction - Use of Capitol Land Grant - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capital Land Grant funds are to be used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
Prgm	FTE	Fiscal 2002				Fiscal 2003				
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 22 - Allocation for Effects of Program 06 in HB 2										
08	0.00	(3,505,335)	(23,210)	(817,859)	(4,346,404)	0.00	(3,505,277)	(23,268)	(817,859)	(4,346,404)
DP 30 - Reduce Participation in External Organizations										
08	0.00	(109,000)	0	0	(109,000)	0.00	(109,000)	0	0	(109,000)
DP 31 - Salary Upgrades for Auditors										
08	0.00	208,144	0	0	208,144	0.00	0	0	0	0
DP 124 - HB 124 - Local Government Assistance Reduction										
08	0.00	(54,934,392)	0	0	(54,934,392)	0.00	(54,934,392)	0	0	(54,934,392)
DP 512 - SB 512 Electrical Energy Excess Revenue Tax										
08	3.00	199,720	0	0	199,720	3.00	195,845	0	0	195,845
DP 689 - FTE Reduction										
08	(0.03)	0	0	0	0	(0.03)	0	0	0	0
DP 693 - Statewide Travel Reduction										
08	0.00	(15,066)	0	0	(15,066)	0.00	(15,066)	0	0	(15,066)
Total	2.97	(\$58,155,929)	(\$23,210)	(\$817,859)	(\$58,996,998)	2.97	(\$58,367,890)	(\$23,268)	(\$817,859)	(\$59,209,017)

New Proposals

DP 22 - Allocation for Effects of Program 06 in HB 2 - The legislature approved an executive request to move the Customer Service Center from proprietary funding to funding in HB 2. As such, the legislature removed the funding associated with payments from this program to the Customer Service Center for services the center performed for this program. The Customer Service Center will provide the same services for the program, but with a direct appropriation instead of with funding from fee revenue.

DP 30 - Reduce Participation in External Organizations - The legislature reduced funding for the department to participate in external organizations.

DP 31 - Salary Upgrades for Auditors - The legislature provided funding for salary upgrades for auditors in the department. The funding was added to address a recruitment difficulty the department has been facing when attempting to hire auditors at salaries below the competitive level for college graduates. The legislature designated this funding as a biennial appropriation.

DP 124 - HB 124 - Local Government Assistance Reduction - The legislature reduced funding for local assistance to implement HB 124. HB 124 provides entitlement payments to local governments as a statutory appropriation. Therefore, the HB 2 local assistance authority was reduced.

DP 512 - SB 512 Electrical Energy Excess Revenue Tax - The legislature provided funding to add 3.00 FTE for auditors and operating costs to administer SB 512. SB 512 imposes an electrical energy excess revenue tax. The legislature

restricted all funding for this purpose. Of this funding, \$6,000 of the funding is designated as a one-time-only appropriation. The one time portion of the appropriation is designated for purchasing personal computers. Subsequent to funding the impacts of SB 512 in HB 2, the legislature failed to pass SB 512. As such, HB 2 line items 5b and 5c for the Compliance, Valuation, and Resolution Program are not valid appropriations.

DP 689 - FTE Reduction - The legislature reduced FTE for all positions vacant for over seven months. Funds were not reduced for the 2003 biennium, but the eliminated positions are not to be funded in the present law base budget submitted for the 2005 biennium.

DP 693 - Statewide Travel Reduction - The legislature made a reduction in general fund each year equivalent to 3 percent of all general fund expenditures for travel in the fiscal 2000 budget base. The entire reduction was made to this division, with the allowance that the agency could reallocate this reduction among divisions when developing 2003 biennium operating plans.

Language

Items [Compliance, Valuation, and Resolution - SB 512 line items] are contingent upon passage and approval of SB 512.

Note: SB 512 did not pass out of the legislature, so the appropriations in the SB 512 line items of HB 2 are void.

Item [Compliance Valuation and Resolution] includes reductions of general fund of \$15,066 in fiscal 2002 and \$15,066 in fiscal 2003. This reduction is the equivalent of a 3 percent reduction in fiscal year 2000 base budget travel expenses. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans.

Item [Compliance, Valuation, and Resolution] includes reductions of general fund of \$54,934,392 in fiscal 2002 and \$54,934,392 in fiscal 2003 that are contingent upon passage and approval of HB 124.